

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 238 - HB 564

February 17, 2013

SUMMARY OF BILL: Adds National Football League (NFL) players to the list and removes audiologists from the list of persons required to pay the occupational privilege tax, beginning with May 30, 2013.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$77,600/FY12-13

**Increase State Revenue – Net Impact –
Exceeds \$1,135,800/FY13-14 and Subsequent Years**

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-4-1703(a), audiologists are subject to a \$400 privilege tax, due and payable on June 1 of each year. Pursuant to Tenn. Code Ann. § 67-4-1701, privilege tax collections are required to be deposited to the General Fund.
- Pursuant to Tenn. Code Ann. § 67-4-1703(d), as amended by this bill, NFL players are subject to a \$2,500 tax per game played in Tennessee, with a three game annual cap, due and payable on June 1 of each year.
- This bill does not amend Tenn. Code Ann. § 67-4-1703(e), which requires that any occupational privilege taxes collected from National Basketball Association players or National Hockey League players are deposited into a municipal government fund located in the municipality where the game is played. Therefore, any occupational privilege tax collections from NFL players are assumed to be deposited in the General Fund.
- According to the Department of Revenue, there were 323 audiologists that filed occupational privilege tax returns in FY11-12. It is assumed that, under current law, the same number of audiologists would file occupational privilege tax returns in FY12-13 and each subsequent year.
- Based on historical occupational privilege tax collections, it is estimated that 40 percent of audiologists (129) will file their occupational privilege tax returns prior to May 30, 2013. The remaining 60 percent (194) will not file as a result of the effective date of the bill. The resulting one-time decrease in state revenue in FY12-13 due to refunds is

estimated to be \$77,600 (194 x \$400). The recurring decrease in state revenue, beginning in FY13-14, is estimated to be \$129,200 (323 x \$400).

- One NFL team in Tennessee.
- The first-year impact of adding NFL players to the list of persons required to pay the occupational privilege tax will be FY13-14.
- NFL teams have a game day roster of 46 players and each team plays 8 home games during the regular season, with possible additional home games in the post-season. It is estimated that there will be a minimum of 8 games played in Tennessee each year.
- The recurring increase in state revenue, beginning in FY13-14, for the one NFL team in Tennessee is estimated to exceed \$345,000 (46 players x 3 games x \$2,500). The recurring increase in state revenue, beginning in FY13-14, for each visiting NFL team is estimated to exceed \$920,000 (46 players x 8 games x \$2,500).
- The net recurring increase in state revenue as a result of this bill, beginning in FY13-14, is estimated to exceed \$1,135,800 (\$345,000 + \$920,000 - \$129,200).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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